

Message Text

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PAGE 01 CAIRO 01216 121210Z
ACTION SS-25

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C O N F I D E N T I A L CAIRO 01216

EXDIS

FOR ASSISTANT SECRETARY ATHERTON FROM AMBASSADOR

PASS TO AID FOR AA/NE WHEELER

E.O. 11652: GDS
TAGS:PROG
SUBJ: ADDITIONAL AID REQUEST BY GOE

REF: (A) CAIRO 981 (B) CAIRO 01217

1. AS INDICATED IN REFTEL, DEPUTY PRIME MINISTER KAISOUNI HAS INDICATED TO US THAT HE WAS PLANNING TO SUBMIT A REQUEST FOR ADDITIONAL ECONOMIC ASSISTANCE FOR EGYPT. WE HAVE NOW RECEIVED THE FOLLOWING LETTER, SENT TO ME BY KAISOUNI AND DATED JANUARY 10. BY SEPTEL WE WILL COMMENT ON THE DISCUSSIONS WE HAVE HAD WITH KAISOUNI AND ON THE POINTS BROUGHT OUT IN THIS LETTER. TEXT OF KAISOUNI LETTER FOLLOWS.

2. QUOTE EXCELLENCY: IN MY LETTER TO YOU OF JANUARY 8, IN WHICH I COMMENTED ON THE EXISTING U.S. ECONOMIC ASSISTANCE PROGRAMS, I ALSO INDICATED THAT IN LIGHT OF THE FIVE YEAR PLAN AND OF OUR CHANGING CIRCUMSTANCES, WE ARE PRESENTLY CONSIDERING THE NEED FOR ADDITIONAL ASSISTANCE. IN THIS LETTER, I WOULD LIKE TO ADDRESS THIS POINT.

AS YOU KNOW, THE EGYPTIAN GOVERNMENT IS WELL AWARE OF THE EXTREMELY
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VALUABLE ROLE THAT U. S. ECONOMIC ASSISTANCE HAS PLAYED IN ASSISTING OUR ECONOMY DURING THE PAST FEW YEARS. THE COMBINATION OF PROGRAMS WHICH PROVIDE BOTH SHORT TERM BALANCE OF PAYMENTS FINANCING AND MEET LONGER TERM DEVELOPMENT NEEDS HAVE BEEN HIGHLY EFFECTIVE. WE RECOGNIZE THAT YOUR EFFORTS IN EGYPT ARE THE LARGEST BEING CARRIED ON BY THE UNITED STATES IN THE WORLD AT THIS TIME.

AT THE SAME TIME, WE HAVE NOW LAUNCHED THE NEW FIVE YEAR PLAN. THAT PLAN HAS VERY AMBITIOUS TARGETS, BUT TARGETS WHICH WE FEEL ARE REALISTIC AND WHICH CAN LEAD TO A SIGNIFICANT CHANGE IN THE STRUCTURE AND EFFECTIVENESS OF THE EGYPTIAN ECONOMY. WHILE WE EXPECT THAT OUR

OWN RESOURCES WILL INCREASE DURING THE COURSE OF THE FIVE YEAR PLAN AND THAT WE CAN FINANCE AN INCREASING SHARE OF OUR OWN DEVELOPMENT NEEDS, THERE REMAINS A VERY SIGNIFICANT NEED FOR CONTINUED FOREIGN ASSISTANCE.

THIS NEED BECOMES PARTICULARLY ACUTE AT THE PRESENT TIME, AS A NEW DIMENSION HAS BEEN ADDED TO EFFORTS AT OBTAINING A JUST AND COMPREHENSIVE PEACE IN THE MIDDLE EAST. WE FEEL THAT THE INITIATIVES WHICH PRESIDENT SADAT HAS LAUNCHED GIVE GREATER PROSPECT THAN EVER THAT PEACE IS NOW WITHIN REACH.

ONCE PEACE IS ACHIEVED, WE BELIEVE THAT WE CAN GRADUALLY BEGIN DIVERTING MORE EGYPTIAN RESOURCES TO THE DEVELOPMENT PROCESS. BUT THAT CAN NOT HAPPEN IMMEDIATELY. AT THE SAME TIME, THERE ARE EXPECTATIONS AMONG THE EGYPTIAN PEOPLE THAT THE ACHIEVEMENT OF PEACE BEING. TO ASSURE THAT PEACE CAN BE MADE WORKABLE AND DURABLE, THEREFORE, IT IS CRITICAL THAT THE MOMENTUM OF DEVELOPMENT NOT ONLY BE MAINTAINED, BUT THAT IT IMMEDIATELY BE INCREASED.

FOR THIS REASON, WE FEEL THAT THE PRESENT MAY BE AN EXTREMELY PROPITIOUS AND APPROPRIATE TIME TO CONSIDER CERTAIN KEY INCREASES IN THE LEVEL OF UNITED STATES ASSISTANCE OVER THE NEXT TWO YEARS, TO HELP BRIDGE THIS GAP BETWEEN A TIME OF HIGH EXPECTATIONS AND CONFIDENTIAL

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THE PERIOD WHEN EGYPT ITSELF CAN DEVOTE MORE RESOURCES TO ITS OWN DEVELOPMENT PROGRAMS. PARTICULAR ATTENTION SHOULD BE GIVEN, IN SUCH ADDITIONAL ASSISTANCE, TO THOSE ACTIVITIES WHICH CAN DIRECTLY IMPACT ON THE NEEDS OF ORDINARY CITIZENS AS RAPIDLY AS POSSIBLE. I WOULD LIKE TO ASK, THEREFORE, THAT OUR REPRESENTATIVES MEET TO DISCUSS WHAT MAY BE THE SPECIFIC PROSPECTS FOR ADDITIONAL ASSISTANCE IN THE TWO YEAR TIME PERIOD 1978 AND 1979. WE ARE WELL AWARE THAT ANY INCREASES IN ASSISTANCE LEVELS WILL REQUIRE SPECIFIC ACTION BY THE UNITED STATES CONGRESS. WE THINK IT IMPORTANT, THEREFORE, THAT OUR REPRESENTATIVES DISCUSS THE CONTENT AND LEVELS OF PROGRAMS WHICH MIGHT BE MOST ACCEPTABLE TO THE CONGRESS. LET ME AGAIN EXPRESS MY APPRECIATION FOR OUR PAST COOPERATION AND MY HOPES THAT THE DISCUSSION I PROPOSE CAN LEAD TO A REINFORCEMENT OF FOR FINANCIAL AND ECONOMIC AFFAIRS AND MINISTER OF PLANNING. UNQUOTE EILTS

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